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UNCLAS SECTION 01 OF 02 RABAT 000807

SENSITIVE
SIPDIS

DEPARTMENT FOR NEA/MAG
TREASURY FOR OFFICE OF MIDDLE EAST AND NORTH AFRICA
DOC FOR ITA (OFFICE OF MIDDLE EAST- N MASON)

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TAGS: [ECON](#) [EINV](#) [ETRD](#) [MO](#)
SUBJECT: MOROCCO SEEKS TO JOIN OECD DECLARATION ON
INVESTMENT AND MULTILATERAL CORPORATIONS

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¶1. (SBU) SUMMARY: Embassy received a diplomatic note from the Ministry of Foreign Affairs seeking U.S. support for Morocco's bid to join the OECD Declaration on Investment and Multinational Enterprises. The note made the case that Morocco has undertaken numerous steps in recent years to improve its investment climate. Embassy believes that Moroccan membership in the OECD Investment Declaration would support the continuing economic and political reform process and urges favorable consideration of Morocco's request. End summary.

¶2. (SBU) Below is an informal Embassy translation of the diplomatic note (from the French original):

18 SEPT. 2009

The Ministry of Foreign Affairs and Cooperation presents its compliments to the Embassy of the United States of America and has the honor to inform the Embassy that the Kingdom of Morocco's proposal for membership in the OECD Declaration on International Investment and Multinational Enterprises will be considered in Paris on 6 October 2009 by the Investment Committee of the Organization.

The choice of Morocco to adhere to the OECD Declaration on International Investment and Multinational Enterprises is an expression of the Kingdom's commitment to economic opening. This decision is consistent with the dynamic of the reforms launched by Morocco several years ago which argue for its membership, in conformity with the principles of the OECD Declaration on International Investment and Multinational Enterprises.

The important policy reforms being undertaken by Morocco to improve the investment climate, as well as Morocco's irreversible choice to integrate into the global economy plead in favor of the Moroccan candidacy:

- Adoption, since the beginning of the 1980s, of a liberal policy of openness to the outside world.
- Conclusion of several free trade agreements with important partners, which make Morocco one of the largest nodes of world free areas.
- Signature of several international investment treaties, including bilateral agreements on investment promotion and protection, as well as conventions for the avoidance of double taxation inspired by OECD and United Nations model

conventions.

- Considerable improvements introduced to harmonize the investment environment and secure Morocco's commercial relations. These have expanded the definition of investment to grant national treatment and most favored nation status to investors, ensured the complete convertibility of capital for foreign investors, as well as the freedom to repatriate both their profits and their invested capital, and given them the possibility, in case of dispute with the host country, to appeal to its domestic courts or international arbitration (ICSID or the UNCITRAL ad-hoc tribunal).
- Acceleration of the liberalization process in several strategic sectors, including telecommunications, transportation, energy, and banking and finance.
- Improvements to the legal environment for business through the implementation of new laws on industrial and commercial property, a new Trade Code, Corporation Law, Customs Code, Tax Code, Law on Competition and Prices, Labor Code, Insurance and Procurement Codes. On the institutional level, creation of Regional Investment Centers and strengthening of the Investment Commission.
- Commitment by Morocco to building a democratic society: creating a country of laws, respect for Human Rights.
- Ownership of the principles of good governance and transparency at the public level as well as the corporate level (deconcentration, decentralization, results-based management, combating corruption, corporate governance).
- Engagement for human development (National Initiative for Human Development).
- Promotion of the role of women (in society) and adoption of principles of gender equity.

Implementing these reforms has led to a dramatic increase of foreign investment flows to Morocco, which demonstrates its

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increasing attractiveness. Moreover, Morocco is no longer limited to receiving investment; several Moroccan enterprises have already begun a significant international development process.

Given the above and in virtue of the privileged relations linking the Kingdom of Morocco and the United States of America, the Ministry of Foreign Affairs and Cooperation would appreciate it if the Embassy could intercede with the appropriate U.S. authorities to support Morocco's membership in the OECD Declaration on International Investment and Multinational Enterprises, and avails itself of this opportunity to renew to the Embassy of the United States of America the assurances of its highest consideration.

13. (SBU) COMMENT: Embassy shares the Foreign Ministry's assessment that Morocco's reform process has yielded significant economic benefits and demonstrates a firm commitment to integration into international commercial and investment regimes. Post believes that Moroccan membership in the OECD Declaration would encourage progress in improving the investment climate (for example, further liberalization of the foreign exchange regulations) and urges careful consideration of Morocco's candidacy.

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<http://www.intelink.sgov.gov/wiki/Portal:Moro cco>

Millard